

25 August 2015

**VIENNA INSURANCE GROUP IN FIRST HALF OF 2015:  
TOP RATING A+ WITH STABLE OUTLOOK CONFIRMED**

<b>Premiums excluding single-premium product – a solid increase of 2.2%</b>	<b>Half-year combined ratio of 95.9% best in 5 years</b>	<b>Record profit for Remaining Markets region – EUR 30.9 million (increase of 11.5%)</b>	<b>Profit (before taxes) at around EUR 250 million</b>
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In the current environment, Vienna Insurance Group is focusing on profitable lines of business in property and casualty and on regular premium products in life insurance, which grew well with an increase of 6.3 percent. The restraint out of earnings aspects in offering single premium life insurance led to a decrease in this area of 15.7 percent. Overall, Vienna Insurance Group wrote EUR 4.9 billion in consolidated premiums in the first six months of 2015 (minus 1.5 percent), without single premium policies a solid increase of 2.2 percent compared to the previous year.

*“We have reason to be satisfied with the course of business so far this financial year: VIG has taken steps to expand in the promising markets of the Baltic region. Proof of our stability was provided by another confirmation of our excellent rating, and the improvement of an important key performance indicator –the combined ratio – shows that the Group’s underwriting is highly profitable. This is particularly important in a low interest rate environment.”*

Peter Hagen  
CEO Vienna Insurance Group

**67 percent**  
**of profit (before taxes) from**  
**the CEE region**

All countries and segments once again made positive contributions to earnings. The Remaining Markets region made a particularly large contribution, with a record profit of EUR 30.9 million (increase of 11.5 percent). The CEE share of Group profit (before taxes) rose once again in the first half of 2015 to 67 percent.

The achieved profit (before taxes) of EUR 250.5 million was within the expected range and was strongly affected by declining financial results. This was due to the historically low level of interest rates, which also made it necessary to form personnel provisions in Austria.

**95.9 percent**  
**best half-year combined ratio**  
**in 5 years**

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Vienna Insurance Group reduced its combined ratio (after reinsurance) by 1.2 percentage points. The excellent level of 95.9 percent was the best value achieved in the last five comparison periods.

Vienna Insurance Group held EUR 31.3 billion in investments (including cash and cash equivalents) as at 30 June 2015. The Group financial result was EUR 524.5 million. The decrease of 7.2 percent was due to the low level of interest rates.

### Highlights from the Group

The Standard & Poor's rating agency once again confirmed its A+ rating with stable outlook. This means that VIG continues to have the best rating of all companies in the ATX index. The agency stressed VIG's excellent competitive position as market leader in Austria and Central and Eastern Europe, its portfolio, which is diversified across all lines of business, and its multi-channel distribution strategy. It has an excellent capital base and exceeds the S&P benchmark for AAA in 2014.

**S&P's**  
**top rating confirms**  
**stability**

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**Combined ratio**  
**in Austria**  
**improved to 96.6 percent**

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In **Austria**, the good growth of 3.0 percent achieved by Wiener Städtische in property and casualty insurance compensated for the premium decrease of Donau Versicherung in Italy. In life, Vienna Insurance Group acted with restraint in the area of single-premium products. Overall premiums generated by the Austrian group companies declined by 2.3 percent. The combined ratio improved significantly by more than 3 percentage points to a 96.6 percent in the first half of 2015.

## **Profitable CEE markets generate around EUR 167 million**

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The Group companies in the **Czech Republic** made the largest contribution to Group profit (before taxes) in the first half of 2015. Kooperativa, ČPP and PČS generated EUR 88.1 million, corresponding to an increase of 2.7 percent. Property and casualty premiums remained stable, with distribution activities being particularly successful in the motor segment. In life, the companies in the Czech Republic also acted with restraint in the single-premium business due to the low level of interest rates, leading to a decrease in premiums. At 89.8 percent, the combined ratio was once again at an excellent level.

The Group companies in **Slovakia** increased their premiums written slightly in the first half of 2015. Bank distribution via the local Erste Group subsidiary was particularly successful, with premiums generated by PSLSP growing sharply by 19.5 percent. Profit (before taxes) rose 2.0 percent to EUR 26.2 million, and the combined ratio was 95.6 percent.

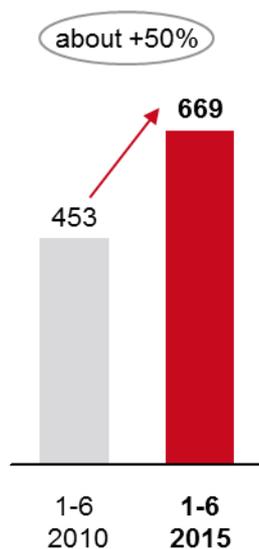
In **Poland**, Vienna Insurance Group wrote EUR 449.4 million in premiums (a decrease of 20.5 percent). Price competition was intense in the motor segment, causing average premiums to fall, particularly in fleet and leasing business. Because of its earnings-oriented underwriting policy, VIg accepted a loss of premiums in the property and casualty segment. In life insurance, the low-margin short-term single-premium business was also intentionally reduced again. When adjusted for single-premium business, total premiums increased 10.3 percent. Profit (before taxes) reached EUR 28.2 million, and the combined ratio stood at 96.8 percent.

The systematic implementation of restructuring measures continued to have an effect on premiums and earnings in **Romania**, where Group companies recorded a major premium increase of 17.6 percent in the first half of 2015. Positive growth was achieved in both life and non-life. Profit (before taxes) rose to EUR 3.5 million. The combined ratio improved again by around 5 percentage points, and is now only slightly higher than the 100 percent mark.

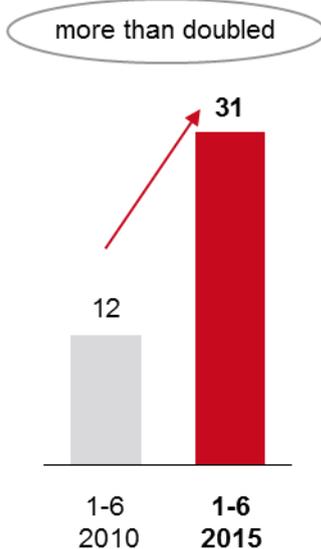
In the countries forming the **Remaining Markets** region, Group companies recorded a record result in the first six months of the current year. Profit (before taxes) rose by 11.5 percent over the previous year to EUR 30.9 million. Serbia, Bulgaria and the Baltic region were particularly successful in raising profits. The combined ratio improved again to 96.6 percent in the first half of 2015. A significant increase of 18.4 percent, raising premiums to EUR 668.6 million, was particularly pleasing. Group companies in Bulgaria, Hungary, Serbia, Albania, Turkey and the Baltic region, for example, achieved double-digit growth rates.

### Remaining Markets a growth driver

Gross written premiums  
in EUR million



Profit before taxes  
in EUR million



## **VIG** takes steps to expand in the Baltic region

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The **Baltic States** have recently proven to be an attractive growth market for Vienna Insurance Group. General economic conditions are solid and market forecasts very positive. All three of the Baltic States now belong to the Eurozone.

The VIG life insurance company Compensa Life SE operates successfully in Estonia, Latvia and Lithuania and has grown rapidly in previous years. Purchase of the largest insurance distribution company in Lithuania, Finsaltas, by Compensa Life SE was the next step towards achieving a position as a leading provider of life insurance in the region.

Vienna Insurance Group will also promote its property and casualty business in the future, which was previously mainly handled by Compensa in Poland. The newly established company Compensa Non-Life in Lithuania has received a license and the non-life insurance company Baltikums AAS was acquired in Latvia. Subject to official approval of the acquisition, Vienna Insurance Group now has a total market share of around 7.5 percent of the insurance market in the Baltic States.

## Consolidated Income Statement (IFRS) 1 January - 30 June 2015

(in EUR mn)	6M 2015	6M 2014	+/- %
<b>Gross premiums written</b>	<b>4,908.0</b>	<b>4,983.8</b>	<b>-1.5</b>
Net earned premiums	4,208.9	4,321.5	-2.6
Financial result	524.5	565.1	-7.2
Other income	50.2	58.1	-13.6
Expenses for claims and insurance benefits	-3,352.6	-3,602.6	-6.9
Acquisition and administrative expenses	-956.5	-932.1	2.6
Other expenses	-224.0	-108.8	>100
<b>Profit before taxes</b>	<b>250.5</b>	<b>301.1</b>	<b>-16.8</b>
Taxes	-53.4	-69.5	-23.2
<b>Profit for the period</b>	<b>197.1</b>	<b>231.6</b>	<b>-14.9</b>
Non-controlling interests	-4.6	-8.3	-45.4
<b>Net profit after non-controlling interests</b>	<b>192.5</b>	<b>223.2</b>	<b>-13.7</b>
<b>Earnings per share in EUR (annualized)</b>	<b>2.87</b>	<b>3.33</b>	<b>-13.7</b>
<b>Combined Ratio (net in %)</b>	<b>95.9</b>	<b>97.1</b>	<b>-1.2pp</b>

## Consolidated Income Statement (IFRS) - Quarterly Data

(in EUR mn)	Q2 2015	Q2 2014	+/-%
<b>Gross premiums written</b>	<b>2,152.1</b>	<b>2,252.6</b>	<b>-4.5</b>
Net earned premiums	1,998.2	2,109.0	-5.3
Financial result	251.1	289.3	-13.2
Other income	21.9	30.5	-28.2
Expenses for claims and insurance benefits	-1,622.8	-1,768.8	-8.3
Acquisition and administrative expenses	-447.1	-462.4	-3.3
Other expenses	-81.8	-50.8	61.0
<b>Profit before taxes</b>	<b>119.5</b>	<b>146.7</b>	<b>-18.5</b>
Taxes	-22.9	-37.3	-38.6
<b>Profit for the period</b>	<b>96.7</b>	<b>109.4</b>	<b>-11.7</b>
Non-controlling interests	-3.0	-6.9	-57.1
<b>Net profit after non-controlling interests</b>	<b>93.7</b>	<b>102.6</b>	<b>-8.6</b>
<b>Earnings per share in EUR (annualized)</b>	<b>2.80</b>	<b>3.05</b>	<b>-8.0</b>
<b>Combined Ratio (net in %)</b>	<b>95.4</b>	<b>97.9</b>	<b>-2.4pp</b>

## Consolidated Balance Sheet (IFRS) 30 June 2015

Assets (in EUR mn)	30.06.2015	31.12.2014	+/- %
A. Intangible assets	2,370	2,370	0.0
B. Investments	30,239	30,360	-0.4
C. Investments of unit- and index-linked life insurance	8,185	7,742	5.7
D. Reinsurers' share in underwriting provisions	1,215	1,106	9.8
E. Receivables	1,619	1,502	7.8
F. Tax receivables and advance payments out of income tax	132	119	11.1
G. Deferred tax assets	118	113	3.9
H. Other assets	352	331	6.1
I. Cash and cash equivalents	1,051	782	34.4
<b>Total Assets</b>	<b>45,281</b>	<b>44,425</b>	<b>1.9</b>

Liabilities and Shareholders' Equity (in EUR mn)	30.06.2015	31.12.2014	+/- %
A. Shareholders' equity	5,157	5,283	-2.4
B. Subordinated liabilities	1,284	920	39.6
C. Underwriting provisions	28,164	27,890	1.0
D. Unit- and index-linked underwriting provisions	7,815	7,392	5.7
E. Non-underwriting provisions	652	709	-8.1
F. Liabilities	1,683	1,679	0.2
G. Tax liabilities out of income tax	83	84	-1.8
H. Deferred tax liabilities	267	287	-6.8
I. Other liabilities	177	181	-2.0
<b>Total Liabilities and Shareholders' Equity</b>	<b>45,281</b>	<b>44,425</b>	<b>1.9</b>

## Segment Reporting (IFRS) 1 January - 30 June 2015

### Split by lines of business:

in EUR mn	Property&Casualty			Life			Health		
	6M 2015	6M 2014	+/- %	6M 2015	6M 2014	+/- %	6M 2015	6M 2014	+/- %
Gross premiums written	2,573.7	2,563.5	0.4	2,134.4	2,223.2	-4.0	200.0	197.1	1.5
Profit before Taxes	145.6	165.5	-12.0	82.1	104.0	-21.1	22.8	31.6	-27.9

### Split by regions:

in EUR mn	Austria			Czech Republic			Slovakia		
	6M 2015	6M 2014	+/- %	6M 2015	6M 2014	+/- %	6M 2015	6M 2014	+/- %
Gross premiums written Property&Casualty	1,122.4	1,121.4	0.1	440.4	442.7	-0.5	179.3	182.3	-1.6
Gross premiums written Life	973.7	1,035.1	-5.9	394.7	448.8	-12.1	209.2	205.0	2.0
Gross premiums written Health	190.2	184.1	3.3						
<b>Gross premiums written Total</b>	<b>2,286.2</b>	<b>2,340.6</b>	<b>-2.3</b>	<b>835.2</b>	<b>891.5</b>	<b>-6.3</b>	<b>388.5</b>	<b>387.3</b>	<b>0.3</b>
Profit before Taxes	85.7	126.9	-32.5	88.1	85.8	2.7	26.2	25.7	2.0
Combined Ratio (net in %)	96.6	99.7	-3.1pp	89.8	88.7	1.0pp	95.6	94.5	1.1pp

in EUR mn	Poland			Romania			Remaining		
	6M 2015	6M 2014	+/- %	6M 2015	6M 2014	+/- %	6M 2015	6M 2014	+/- %
Gross premiums written Property&Casualty	244.5	296.2	-17.4	160.2	137.7	16.4	345.9	319.1	8.4
Gross premiums written Life	204.9	269.2	-23.9	34.0	27.5	23.5	312.8	232.4	34.6
Gross premiums written Health							9.9	13.0	-23.9
<b>Gross premiums written Total</b>	<b>449.4</b>	<b>565.3</b>	<b>-20.5</b>	<b>194.2</b>	<b>165.2</b>	<b>17.6</b>	<b>668.6</b>	<b>564.5</b>	<b>18.4</b>
Profit before Taxes	28.2	33.7	-16.3	3.5	1.0	>100	30.9	27.7	11.5
Combined Ratio (net in %)	96.8	96.0	0.8pp	103.2	108.3	-5.1pp	96.6	97.6	-0.9pp

in EUR mn	Central Functions			Consolidation			Total		
	6M 2015	6M 2014	+/- %	6M 2015	6M 2014	+/- %	6M 2015	6M 2014	+/- %
Gross premiums written Total	675.8	684.8	-1.3	-589.8	-615.4	-4.2	4,908.0	4,983.8	-1.5
Profit before Taxes	-11.8	-0.1	>100	-0.3	0.4	n.a.	250.5	301.1	-16.8
Net profit after non-controlling interests							192.5	223.2	-13.7

Calculation differences may arise when rounded amounts and percentages are summed automatically.  
The figures for 2014 have been restated due to changes in the scope of consolidation.

**Vienna Insurance Group** (VIG) is the leading insurance specialist in Austria as well as in Central and Eastern Europe. About 50 companies in 25 countries form a Group with a long-standing tradition, strong brands and close customer relations. VIG looks back on 190 years of experience in the insurance business. With about 23,000 employees, Vienna Insurance Group is the clear market leader in its core markets. It is therefore excellently positioned to take advantage of the long-term growth opportunities in a region with 180 million people. The listed Vienna Insurance Group is the best-rated company of ATX, the leading index of Vienna Stock Exchange; its share is also listed on the Prague Stock Exchange.

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